

STRATEGY
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**THE USE OF ARMS TRANSFERS AND ARMS CONTROL
TO ENHANCE SECURITY IN THE MIDDLE EAST**

BY

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USAWC STRATEGY RESEARCH PROJECT

**The Use of Arms Transfers and Arms Control to Enhance Security
In the Middle East**

by

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ABSTRACT

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The Middle East has experienced numerous wars and other conflicts over the past 50 years that have been caused by religious, geopolitical, social, and economic factors. Strategically located, it has served as an important trade route linking mankind's earliest civilizations. This region, also known as the Holy Land, was the birthplace for three of the world's major religions—Judaism, Christianity, and Islam. In turn Persia, Egypt, Rome, Byzantium, the Arabs, the Ottoman Empire, and the British Empire ruled the area for its strategic location and religious significance. By the Twentieth Century vast oil reserves discovered in the Middle East made this an economically important region for the industrialized world. The United States, Europe, and the Former Soviet Union all have attempted to influence this region to enhance security and gain economic benefits. Conventional arms transfers and conventional arms control are two "ways" that have been used to achieve these goals. This paper examines the relationship between arms control and arms transfers and evaluates their impact on security in the Middle East. It also examines economic benefits of arms transfers for supplier nations that include preserving the defense industrial base; reducing research, development, and production costs for weapon systems; and easing trade imbalances caused by oil purchases. Finally, some recommendations for the future of arms transfer and arms control are proposed.

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THE USE OF ARMS TRANSFERS AND ARMS CONTROL TO ENHANCE SECURITY IN THE MIDDLE EAST

"The Middle East is an area in which the United States has a vital interest. The maintenance of peace in that area, which has so frequently seen disturbances in the past, is of significance to the world as a whole."

Franklin Delano Roosevelt
March 1944

Throughout history, many wars have been fought in the attempt to control the Middle East for geographic, religious, and economic reasons. Strategically located, it served as an important trade route linking mankind's earliest civilizations. This region, also known as the Holy Land, was the birthplace for three of the world's major religions—Judaism, Christianity, and Islam. In turn Persia, Egypt, Rome, Byzantium, the Arabs, the Ottoman Empire, and the British Empire ruled the area for its strategic location and religious significance. By the Twentieth Century vast oil reserves discovered in the Middle East made this an economically important region for the industrialized world.

World War II changed the political environment of the Middle East. European nations, weakened by the war, could no longer control their Arab territories. They allowed local monarchies to assume control of territories that in turn caused instability among the newly formed states. The increased Jewish immigration following the Holocaust caused tension in Palestine, as Jews and Arabs fought for the same land. This culminated in 1948 with the formation of the Jewish State of Israel that set off a series of wars and conflicts that still exist today.

The United States and the Soviet Union exerted their influence in the Middle East as part of the Cold War rivalry. Their objectives were to increase their influence in the region and to protect oil interests for the industrialized world. Middle Eastern nations aligned themselves with one of the Superpowers to enhance their security. The transfers of conventional arms as well as arms control measures were two ways used to achieve these objectives. The collapse of the Soviet Union in 1991 removed the bipolar alignment and allowed Middle Eastern nations to purchase weapons from any supplier. The industrialized world has taken advantage of the increased demand for conventional weapons to reap economic benefits. This paper examines the relationship between arms control and arms transfers and evaluates their effectiveness on achieving security in the Middle East. It also examines economic benefits of arms transfers for supplier nations that include preserving the defense industrial base; reducing research, development, and production costs for weapon systems; and easing trade imbalances caused by oil purchases. Finally, some recommendations for the future of arms transfer and arms control are proposed.

ARMS TRANSFERS / ARMS CONTROL MODEL

For the past 50 years, the Middle East has experienced many "ethno-national and religious conflicts originating from within the region."¹ To defend against these threats the nations of the region have turned to the industrialized world for assistance in maintaining their security. Conventional arms transfers and arms control measures have been the dominant tools used by the industrialized world to enhance the security of the nations they are supporting. Throughout this period, economic benefits from the sale of weapons have influenced the decision-making process of whether or not to restrict or transfer arms to the region. Figure 1 below depicts this relationship in terms of security and economic objectives (ENDS) and arms transfers and arms control methods (WAYS).

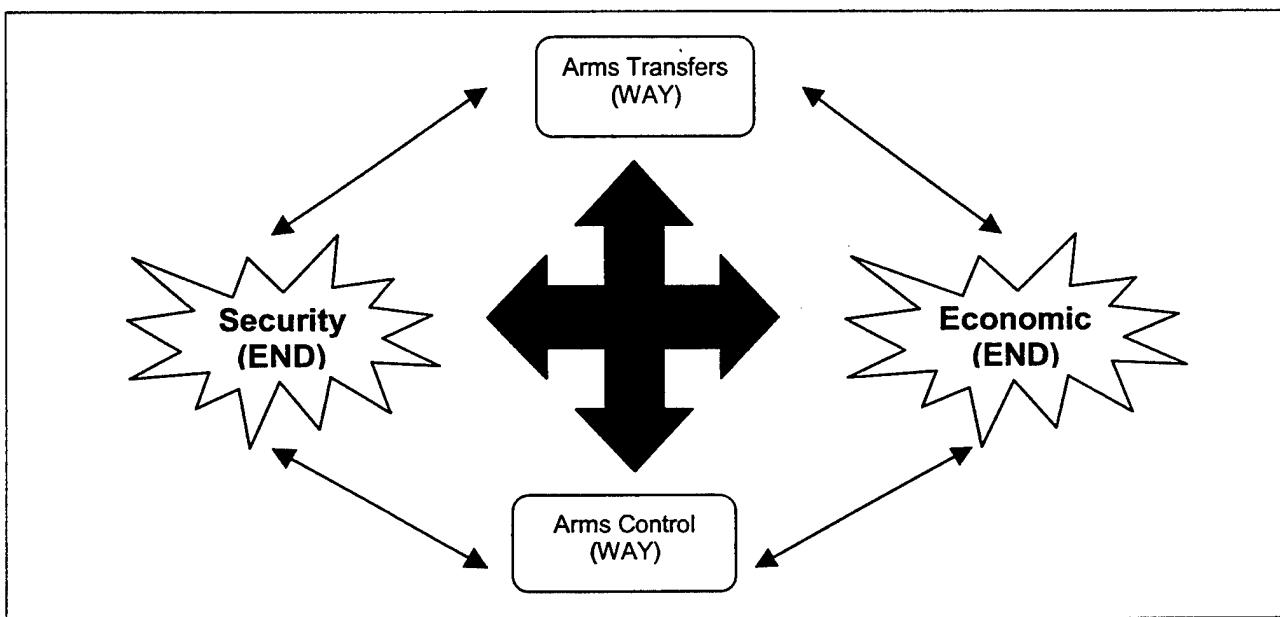


FIGURE 1, ARMS TRANSFERS/ARMS CONTROL MODEL

Security is a primary objective (END) for any nation or civilization. This task encompasses the protection of people, land, and property against all internal and external threats. From the earliest recorded periods in ancient Palestine, people have banded together for collective security against an enemy. The first recorded settlement of Jericho was built as a walled city circa 8000 B.C.E. to protect their harvest against neighboring tribes. Since this time, Middle Eastern states have continued to enter into relationships to enhance their security.

Economic benefit is an objective (END) for all nations to provide the revenue necessary to fund government operations such as social programs, defense, and other services. The defense sector for many industrialized nations achieves this economic gain through the sale of weapons to other nations. Arms transfers to the Middle East provide several economic benefits. First, the sale of weapons to foreign nations helps to preserve their domestic defense industrial base by keeping production lines open

and retaining a skilled work force. Second, increasing the total quantity of items produced helps to reduce the unit cost of the weapon system, which is beneficial to the supplier nation. Finally, the sale of expensive weapon systems helps to offset the trade imbalance that has been caused by oil purchases.

Arms Transfers are one method (WAY) of providing security for a nation. Since World War II, arms transfers have been the dominant way that nations have enhanced security for their client states in the Middle East. Transfer of arms includes both sale and grant of these weapons. The United States and the Former Soviet Union have used both types of arms transfer to enhance their position in the Middle East and assist their client states in their efforts to achieve security.

Arms Control is the other method (WAY) that has been used to seek security for Middle Eastern nations. Arms control includes a wide variety of efforts to "limit, reduce, or regulate arms or military activities."² Arms control agreements do not necessarily achieve parity for all sides since they are negotiated by sovereign states with different levels of influence. This method normally requires a formal agreement, monitoring, and enforcement to be effective.

The relationships among all elements of this model are complex. A change in one element can affect the other three elements. For example, transferring a weapon system to a Middle Eastern nation may increase its security and provide economic benefit to the supplier nation, but it may negate an arms control initiative for the region. Likewise, a new arms control agreement may enhance security for the region but negatively impact the defense industrial base for a supplier nation. One interesting relationship that will be explored in more detail throughout this paper is the relationship between arms transfer and arms control. Although they appear to be mutually exclusive, arms control agreements can work in conjunction with arms transfer to enhance security. The fundamental issue that must be addressed when deciding on the "means" to use is how can you provide security to one nation and not adversely affect their neighbor's security. To understand the complexity of this issue in the context of the Middle East, the unique environmental factors of this region must be reviewed.

THE MIDDLE EAST ENVIRONMENT

There is no definitive convention about what countries comprise the Middle East Region. For the purpose of this paper, the U.S. Arms Control and Disarmament Agency's (ACDA) definition of the area will be used. These countries include: Bahrain, Cyprus, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen. The Middle East possesses unique attributes that can be described according to geographic, economic, religious, and political factors. A review of these factors is helpful to understand the security requirements of this region and why it is strategically important to the industrialized world.

Geography

The Middle East region stretches from the tip of Africa north to Turkey and from the Mediterranean Sea east to include Iran. Located between Europe and Asia, it has been a strategic location for

commerce throughout history. The Mediterranean Sea, the Red Sea, and Persian Gulf are key for commerce and defense. The Suez Canal, connecting the Mediterranean and Red Seas, is a strategic route providing maritime traffic between Europe and the Middle East. The predominantly arid climate and desert land makes water a critical natural resource.

Economics

The economic capacity and levels of development vary widely among countries in the Middle East and are dependent on whether a particular country possesses oil reserves. The nations of the Persian Gulf area, to include Iran and Iraq, are oil rich and thus have experienced dynamic growth of their economy. The robust economy has generated significant capital that has provided for social programs and military expenditures. Some oil producing states have shared oil profits with other Arab non-oil producing states through interregional transfers of aid, capital, and workers' remittances.³ Their economies, however, are dependent on the price of oil in the world. Any reduction in oil prices results in a decrease in income and a corresponding impact of their economies. UN sanctions against Iraq after the Gulf War have significantly affected their economy during the 1990s. By contrast, Israel and Egypt have more Western-oriented economies and have been able to develop an industrial base. Israel and Egypt continue to receive substantial economic aid from the United States since the Camp David Peace Accord that helps maintain their economies. Jordan, Lebanon, and Syria are not oil producing nations and have experienced stagnant economic performance.

Religions

The Middle East is the birthplace for three important world religions—Judaism, Christianity, and Islam. The clash between religions has been a source of tension for some time. The majority of the region is Muslim with Shia Muslims predominately in Iran and Sunni Muslims throughout the rest of the region. Conflicts between these two Muslim sects have also caused security concerns. The formation of the Jewish State of Israel in 1948 raised religious tension that has resulted in five wars. Although some progress has been made to ease tensions between Israel and the rest of the Muslim world, problems still exist. Extremist religious factions in both the Muslim and Ultra-Orthodox Jewish faiths are causing security concerns throughout the region.

Politics

The political systems of the Middle East range from republics to monarchies. Most of these governments provide limited access to the political process for their citizens. Although the leadership in the Middle East has, for the most part, been stable for the past 20 years, there have been changes caused by assassinations in Egypt and Israel. The same families have ruled Saudi Arabia and the Gulf States for most of the 20th Century. Extremist governments in Iran and Iraq have caused security concerns for the region. The Gulf Cooperation Council (GCC), formed to provide cooperative security for the Gulf States, has had limited success in developing a collective security arrangement. Both Israel and Egypt have close political ties with the United States. The political tensions between Israel and the rest of

the Arab World combined with the disputes between Iran and Iraq and the Gulf States, have generated a spiraling increase in security requirements.

These economic, religious, and political factors in the Middle East all contribute to security concerns in the region. A series of significant events over the past fifty years involving arms transfers and arms control measures have influenced the Middle East region.

CHRONOLOGY OF ARMS TRANSFERS AND ARMS CONTROL

STATE OF ISRAEL FORMED (1945-1956)

The end of World War II brought many changes to the Middle East. The most significant event during this period was the formation of the State of Israel. After the war, several hundred thousand Jews immigrated to Palestine from all over the world, which brought conflict with the Arab population already living in the area. The U.N. General Assembly voted to partition the country into Jewish and Arab states, with Jerusalem to be under a U.N. trusteeship. This was approved by the Jewish population, but rejected by the Arab population. On 14 May 1948, as the British mandate officially ended, the Jewish provisional government declared independence and the formation of Israel. Immediately, the Arab League, comprised of the nations of Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen, declared war on the new State of Israel.

The United States recognized Israel within two days of the independence declaration. However, the Truman administration was split as to how much support should be provided to the new state. The State and Defense Departments strongly believed the U.S. should not recognize Israel nor form an alliance as it would hurt American relations with the Arab world. President Truman favored supporting Israel. Finally, Truman recognized Israel but imposed an arms embargo to the entire Middle East. This allowed the United States to diplomatically support Israel's right to independence at the United Nations but did not commit the United States to any military involvement. Although the United States attempted to limit the flow of arms to the region, this unilateral action did little for security in the region since other arms suppliers were ready to offer weapons. This policy left Israel frustrated by the lack of military support and the Arab world frustrated by the recognition of Israel.⁴

The Soviet Union also recognized Israel within the first two days of independence. Stalin saw this as an opportunity to gain influence in the Middle East, as both France and Britain were supporting the Arab states. Britain provided weapons and military leadership to Egypt, Jordan, and Iraq; France provided similar aid to Lebanon and Syria. The Soviet Union authorized Czechoslovakia to sell arms to Israel, which enabled Israel to finally stop the Arab Legion.⁵ Yitzhak Rabin said, "Without the arms from Czechoslovakia...it is very doubtful whether we would have been able to conduct the war."⁶ The British, French, and Czechoslovakian transfer of arms balanced capabilities between the Arab countries and Israel.

The war officially ended in February 1949 with Egypt signing an armistice agreement on the Greek Island of Rhodes. Jordan, Syria, and Lebanon would later sign separate agreements at Rhodes with Israel. Although hostilities had ended, there was no real peace or security in the region.

Following the 1948 War for Independence, Israel was in a precarious position. It was surrounded by Arab states that refused to recognize its right to exist. Although the Israelis needed continued Soviet support of Czech weapons sales to maintain their military advantage, the Israelis felt close to the five million U.S. Jewish community.⁷ Cold War politics forced countries to align with one of the superpowers—either the U.S. or Soviet Union. Israel Prime Minister, David Ben Gurion, delayed this decision by announcing a Non-identification Policy that lasted for two years. This policy allowed Israel to receive weapons from the Eastern bloc countries and to pursue political and social alliances with the United States. Ben Gurion felt that an alliance with the United States was indispensable for Israel's long-term security and well-being.⁸ Soviet support to Israel did not continue for long. Israel's refusal to align with the East eventually led to the withholding of arms in 1950 and the Soviets turning to the Arab World.

In 1950, the United States, Britain, and France issued the Tripartite Declaration that established a virtual embargo on all arms shipments to the Middle East. Given that the flow of arms from the Soviet bloc had already been terminated, Israel was left with no major source of arms. Israel faced a severe national security problem as it was trying to recover from the War of Independence and absorbing new immigrants from throughout the world. Soviet and Western export policies on arms transfers to the Middle East were inconsistent for the next five years. Both Britain and the U.S. made overtures to Israel for a security arrangement, but as long as there was no peace between Israel and Egypt, the West refused to make a formal agreement. The Israeli Defense Minister, David Ben Gurion, directed his emissaries to concentrate efforts "to obtain arms—with no political arrangements attached—from wherever they could be obtained."⁹ France emerged as the major supplier of weapons to Israel, although it made no long-term security guarantees. France's primary goal for this arms transfer was for economic gain as they saw this as an opportunity to sell arms to Israel without committing to a formal security arrangement.

In 1955, the Soviet Union took a step that would radically change the balance of power in the Middle East. The Soviet Union and Egypt agreed to a major arms deal by bartering cotton and rice for Czechoslovakian weapons. According to Dr. Henry Kissinger, "Khrushchev had in effect 'leapfrogged' the *cordon sanitaire* which the United States had constructed around the Soviet Union, confronting Washington with the task of having to counter the Soviets in areas heretofore considered to be safely within the Western sphere."¹⁰ The Soviet-Egyptian agreement raised hopes for Arab nationalism and diminished Western dominance. In July 1956, Egypt nationalized the Suez Canal and took over canal operation from the British. The move threatened the flow of oil to Western Europe as well as compromised Israel's security. Israeli troops, backed by Britain and France, attacked across the Sinai toward the Suez Canal in October. The U.S. believed military action could not resolve the dispute and thus pressed hard for a negotiated settlement. President Eisenhower publicly criticized the action saying,

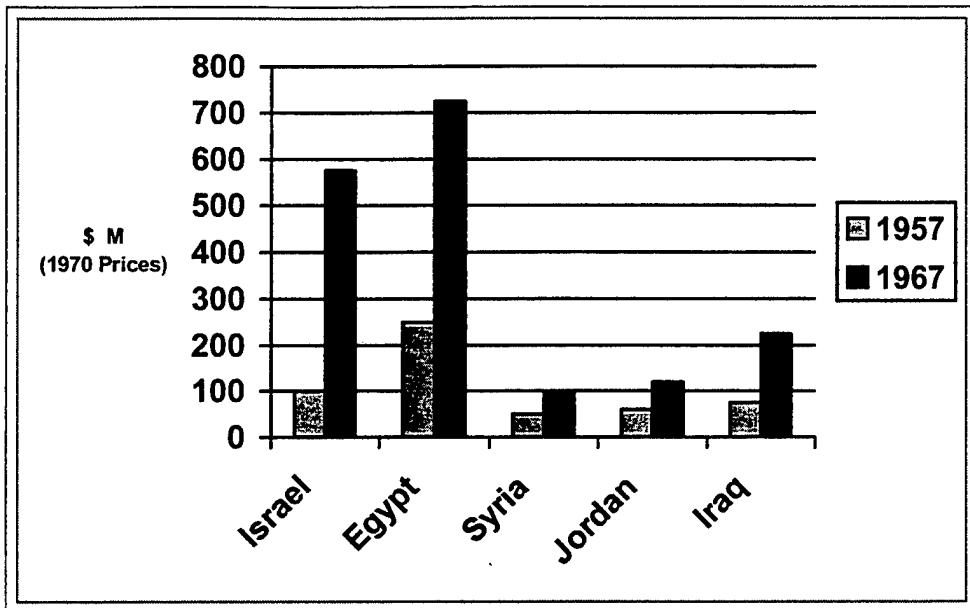
"As it is the manifest right of any of these nations to take such decisions and actions, it is likewise our right—if our judgment so dictates—to dissent. We believe these actions to have been taken in error. For we do not accept the use of force as a wise and proper instrument for the settlement of international disputes."¹¹

U.S. diplomatic efforts eventually brokered a cease-fire and withdrawal of the British, French, and Israeli forces. The United Nations sent an emergency force to supervise the cease-fire. The significance of the Suez crisis was that "what had begun as a tentative Czechoslovakian arms deal with Egypt had turned into a major Soviet strategic breakthrough which divided the Atlantic Alliance and caused developing nations to turn to Moscow as a way of increasing their bargaining power."¹² This also ended the major political influence of Britain and France in the Middle East. Anwar Sadat, then chief Egyptian propagandist, stated, "There are only two Great Powers in the world today, the United States and the Soviet Union. . .The ultimatum put Britain and France in their place, as powers neither big nor strong."¹³

EISENHOWER DOCTRINE (1957-1966)

The Suez Crisis led the United States to strengthen its Containment Policy by enacting the Eisenhower Doctrine on March 9, 1957. This policy announced the right of the United States to employ force, if necessary, to assist against armed aggression from any country controlled by international communism. It provided \$200M in economic aid and military equipment and training¹⁴ to the Middle East to ensure the vital interests of the United States and Western Europe were supported. The vast oil reserves were seen as key to the economic well-being of the West, especially Western Europe, because the economic collapse in Europe would mean the advance of communism.

The Syrian Crisis tested the Eisenhower Doctrine in August 1957. After several diplomatic disputes between Syria and the United States, Syria signed an agreement with the Soviet Union for \$500 million of economic and military aid.¹⁵ Eisenhower saw this as a direct threat to the United States and countered with weapon sales to Jordan, Lebanon, and Iraq. During this same period, the U.S. and Saudi Arabia renewed Dhahran Air Base lease in exchange for arms deliveries. This started an arms build-up in the region that supported the eventual Six-Day War. Figure 2 depicts the magnitude of arms transfers prior to the Six-Day War in 1967 compared to the Suez Crisis in 1957.



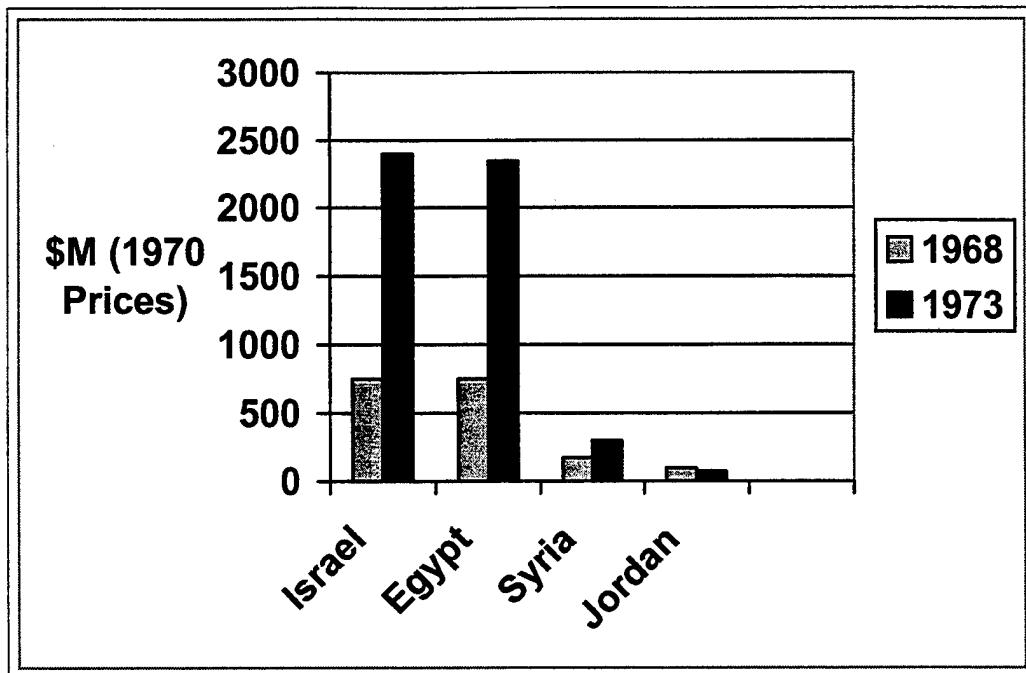
Source: Based on data in *SIPRI Yearbook 1975, World Armament and Disarmament* (Cambridge, MA: MIT Press, 1975, P126 as quoted by Yaniv, 78.

FIGURE 2, ARMS SALES/TRANSFERS TO SELECT MIDDLE EAST COUNTRIES (1957 AND 1967)

During the early 1960s, the nations of the Middle East, especially Egypt and Israel, sought to match their neighbors' military spending. Egypt initiated an effort to increase capabilities to gain an edge over Israel. From the Israeli point of view, parity with Egypt was unacceptable, so they purchased weapons sufficient to repulse a simultaneous attack by all Arab states combined. This massive build-up by Israel triggered in turn more defense expenditures by Iraq, Jordan, and Syria. The key suppliers were Russia, the United States, and France.

SIX-DAY WAR AND YOM KIPPUR WAR (1967-1973)

The Arab world, led by President Nasser of Egypt, began massing forces along the Israel borders with Egypt, Jordan, and Syria in early 1967. As the military build-up steadily increased, Israeli leaders decided to attack in order to prevent an Arab attack and carry the war to Arab land. The pre-emptive attack by Israel on Egypt, Syria, and Jordan in 1967 showed the quality of the Israeli military. Their Army and Air Force crushed the Arab forces in six days and left the world amazed by their capability. Military victories in the Sinai, Golan Heights, and West Bank left the Arab Army defeated and humiliated. Instead of reducing the flow of arms into the region, the period following the Six Day War saw a large influx of weapons as Israel and the Arab nations fortified their militaries (See Figure 3).



Source: Based on data in Evron, "Two Periods in Arab-Israeli Strategic Relations," p. 115, as quoted by Yaniv, 133.

FIGURE 3, ARMS SALES/TRANSFERS TO SELECT MIDDLE EAST COUNTRIES (1968 AND 1973)

Egypt immediately began to rebuild its military that was destroyed during the Six-Day War and to develop an additional capability that was found deficient during the War. Specifically, they purchased surface-to-air missiles to counter the Israeli air power advantage. The Soviet Union continued to supply the necessary arms to Egypt and Syria. Israel continued to purchase armor, infantry weapons, and airplanes to increase its military force. Although they now had an advantage of the Sinai as a buffer zone, they sought to maintain a military that could repel a simultaneous attack by the Arab world from all sides.

During this period, the United States announced a new American foreign policy due mainly to the Vietnam experience. President Nixon announced, "The survival of mankind ultimately depended on the relationship of the two superpowers, but the peace of the world depended on whether America could distinguish between those responsibilities in which its role was merely helpful and those to which it was indispensable, and whether it could sustain the latter without tearing itself apart."¹⁶ The Nixon Doctrine stated that in cases involving non-nuclear aggression, the United States would "look to the nation directly threatened to assume the primary responsibility of providing the manpower for defense."¹⁷ This led to a shift from military intervention to security assistance for allied states. The effect of this policy for Israel meant a greater emphasis on the transfer of weapons. The two Superpowers were supplying their client nations with weapons as they prepared for the next conflict.

A year later, in October 1973, the Egyptians launched a surprise attack across the Suez Canal in an effort to regain the Sinai, while the Syrians attacked in the north in an effort to regain the Golan

Heights. Initially, Egyptian air defenses were able to hold off the Israeli Air Force, and the Egyptians were able to make significant gains with their armor force. The Israelis quickly developed countermeasures, however, and they were able to overcome Egyptian air defenses and regain the offensive. Within one week, Israeli forces had crossed the Suez Canal and were threatening Cairo. In the North, Syria fared worse, suffering heavy losses on the Golan Heights. In the end, Israel was able to recover all lost territory, but this surprise attack raised serious questions about the security of Israel.

"In the course of war, the two superpowers mounted re-supply operations, the Soviet Union to Syria and Egypt, and the United States to Israel. The American airlift was of vital importance militarily to Israel at a critical juncture, but it was perhaps even more significant politically. Its unequivocal nature was undoubtedly a major factor in bringing about a cease-fire, and in turning the United States into the central figure on the stage of the Middle East in the subsequent months."¹⁸ The American airlift provided the essential equipment, ammunition, and supplies needed for Israel to conduct the counteroffensive in the Sinai and Golan Heights. The success of the Israeli counteroffensive forced Egypt and Syria to negotiate for a cease-fire. The long-term significance of the United States support was that it showed its commitment to the security of Israel.

ARMS FOR OIL (1974-1989)

The Organization for Petroleum Export Countries (OPEC) assumed control of the oil market after the Yom Kippur War. They used oil as an economic tool to pressure the West to stop supporting Israel. As oil prices jumped, a huge transfer of Western financial resources occurred. In an effort to offset the rapid increase of OPEC oil prices, the United States increased the sale of weapons to Arab countries. For the first time, economic benefit drove U.S. policy for the arms transfers to the Middle East.

In 1976, Congress became concerned about the volume of weapons being transferred to the Middle East region. They passed the 1976 Arms Export Control Act, which prohibited arms transfers to any nation found to be in violation of human rights and established closer Congressional oversight. Both Presidents Ford and Carter saw this as restricting Executive Authority to implement foreign policy, but the Act, as amended in 1977 became law. The Carter Administration was committed to restraining conventional arms throughout the world when he was first inaugurated in 1977. Four months into his term as President, he signed Presidential Directive 13 (PDD-13), which stated,

"The virtually unrestrained spread of conventional weaponry threatens stability in every region of the world...each year the weapons transferred are not only more numerous but also more sophisticated and deadly. Because of the threat to world peace embodied in this spiraling arms traffic and because of special responsibilities we bear as the largest arms seller, I believe that the United States must take steps to restrain its arms transfers."¹⁹

Although this plan attempted to control the spread of conventional arms throughout the world, it had little impact in the Middle East due to other events. The first significant event for the Middle East was the Israeli-Egyptian Peace Talks, which President Carter facilitated in 1978. After several sessions, the

Camp David Accord was reached in 1978, and a formal Peace Treaty signed on 26 March 1979. As part of the Camp David Accord, the United States agreed to provide military assistance and conventional arms to both Egypt and Israel to maintain their security posture. With this agreement, the United States became the prime supplier of weapons to both countries (See Table 1). The major Western European nations of France, United Kingdom, West Germany, and Italy also supplied an increased amount of arms to Egypt after the Camp David Accord.

	Soviet Union						
	United States	Russia	China	Major Western European	Other European	All Other	Total
EGYPT 1974-1978 1979-1983	60 2,400	430 40	40 300	550 2,305	30 50	50 550	1,160 5,645
ISRAEL 1974-1978 1979-1983	4,600 3,800	0 0	0 0	110 0	0 0	5 5	4,715 3,805

Source: *World Military Expenditures and Arms Transfers, 1979 and 1984; United States Arms Control and Disarmament Agency, Washington D.C.* (\$M Current)

TABLE 1, ARMS SALES/TRANSFERS TO ISRAEL AND EGYPT (1974-1978 AND 1979-1983)

The second major event that occurred was the overthrow of the Shah of Iran in 1979 and the seizure of the American Embassy later that year. President Carter believed the United States' strategic interests were threatened by this instability. In response, he announced during the 1980 State of the Union Address, "Let our position be absolutely clear, an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America. And such an assault will be repelled by any means necessary, including military force." This extension of the Truman Doctrine was to be known as the Carter Doctrine.

At the end of his Presidency, although committed to reducing the spread of conventional weapons, he had increased the flow of weapons to Israel and Egypt, witnessed the transfer of American made Iranian weapons to an Islamic fundamentalist regime, and extended the U. S. military shield over the Persian Gulf. For the first time since Vietnam, the United States was committed to the use of troops to protect U.S. interests.

The Reagan Administration announced a new Conventional Arms Transfer Policy on 8 July 1981. No longer were arms transfers considered "by exception," but were now seen as "an essential element of global defense policy and an indispensable component of U.S. foreign policy."²⁰ Throughout the world, the United States looked for opportunities to transfer weapons to counter Soviet interests and enhance security for friendly nations. The Policy provided for the transfer of weapons to allies for deterring

aggression by the Soviet Union and its surrogates. Table 2 shows arms transfers to selected Middle Eastern nations during the Reagan administration.

	1976-1980	1981-1985	1986-1990	PERCENT CHANGE 1980 TO 1990
Egypt	611	3,302	2,900	375%
Israel	6,106	4,669	6,100	0%
Saudi Arabia	2,840	7,288	5,000	76%
UAE	28	46	340	1097%
Total	9,585	15,304	14,340	50%

Source: *World Military Expenditures and Arms Transfers, 1981, 1986, 1991, U.S. Arms Control and Disarmament Agency, Washington D.C. (\$M Constant 1990)*

TABLE 2, U.S. ARMS TRANSFERS TO SELECT MIDDLE EAST COUNTRIES (1980 AND 1990)

Overall, the United States increased the volume of arms transfers to key nations in the Middle East by 50% during this period. Transfers to Egypt increased by 375% during this ten-year period as support of the Camp David Peace Accord continued. Arms transfers to Saudi Arabia and UAE increased sharply (76% and 1097% respectively) in order to counter the northern Gulf threat of Iran and Iraq. Continued support for Israel's security remained constant (0% real growth). The National Security Strategy stated that, "Despite severe budgetary constraints, economic and security assistance, together with a prudent but responsive policy of arms sales within the region, remains an essential part of our efforts to strengthen Israel and moderate Arab regimes."²¹

THE GULF WAR AND POST COLD WAR (1990-1994)

Two significant events occurred in the early 1990s that changed the security arrangement of the Middle East--the collapse of the Soviet Union and Iraq's invasion of Kuwait. The Middle East in the aftermath of the Cold War, perhaps more than any other part of the world, was affected by the loss of the bi-polar influence. The removal of East-West rivalry and of Russian resources profoundly shocked the Middle East. Arab nations had previously used the Cold War as a way to parlay Superpower support. The promise of aid or interest by one side could very often trigger an equal response by the other side. Although the Middle East will continue to be of strategic importance to the West for its oil, the end of Superpower competition removes the "premium local powers could charge for their allegiance to one or the other of the Superpowers."²²

The second major event to affect security in the Middle East was the Gulf War. When Iraq invaded Kuwait, the United States responded by forming the largest international coalition since World War II. The coalition, comprised of Western and Arab nations, soundly defeated the Iraqi military and re-established the sovereignty of Kuwait. The Coalition victory during the Gulf War had a strategic effect on

the way the Arab World looked at security. "With Iraq's defeat the regional military trend toward any viable Arab 'peace through strength' strategy was smashed."²³ Although Saddam Hussein had called for Arab unity against the West, many Arab nations joined the U.S. led Coalition. As a result, Arab nations turned away from one central "Arab Security Alliance" and turned toward individual and sub-regional security arrangements (e.g. Gulf Cooperation Council). This created increased demand for conventional weapons, as will be discussed in the next section.

Hoping to take advantage of the Gulf War success and the U.S. position as lone Superpower, President Bush proposed a Middle East Arms Control Initiative in May 1991. The goal of this proposal was to limit the types of weapons being transferred to the region, provide security to aligned nations, and to isolate Iran and Iraq. The conventional arms control objectives called for "1) regional freeze on the acquisition, production, and testing of surface-to-surface missiles, and 2) negotiations among major weapons-exporting countries to reduce the flow of arms to the region."²⁴ The United States scheduled multilateral negotiations on arms control between Arab nations and Israel. Although most Middle Eastern countries (except Lebanon and Syria) initially favored the initiative, their enthusiasm was tempered by the realism that arms control must be linked to peace talks. Any concession made during arms control talks could not be used as a bargaining chip later in the talks.²⁵ The arms control talks ended without action.

The United States was successful in assembling the Permanent Members (P-5) of the United Nations Security Council to discuss arms control. These nations, which included the United States, Russia, France, China, and Great Britain, were the largest suppliers of weapons to the region. After three meetings, the P-5, however, was unable to reach any agreement on supply of weapons to the Middle East, although they did agree in principle to notify each other of major sales to the region. The discussions finally broke down in May 1992 with the U.S. announcement of sales to Israel, UAE, Saudi Arabia, and Oman.

A COMPETITIVE MIDDLE EAST ARMS MARKET (1995-2000)

The demand for weapons has not diminished during the decade following the Gulf War. This is due primarily to the diverse ethnic, religious, and political conditions in the region. The rivalries have caused overlapping arms races as depicted in Figure 4.

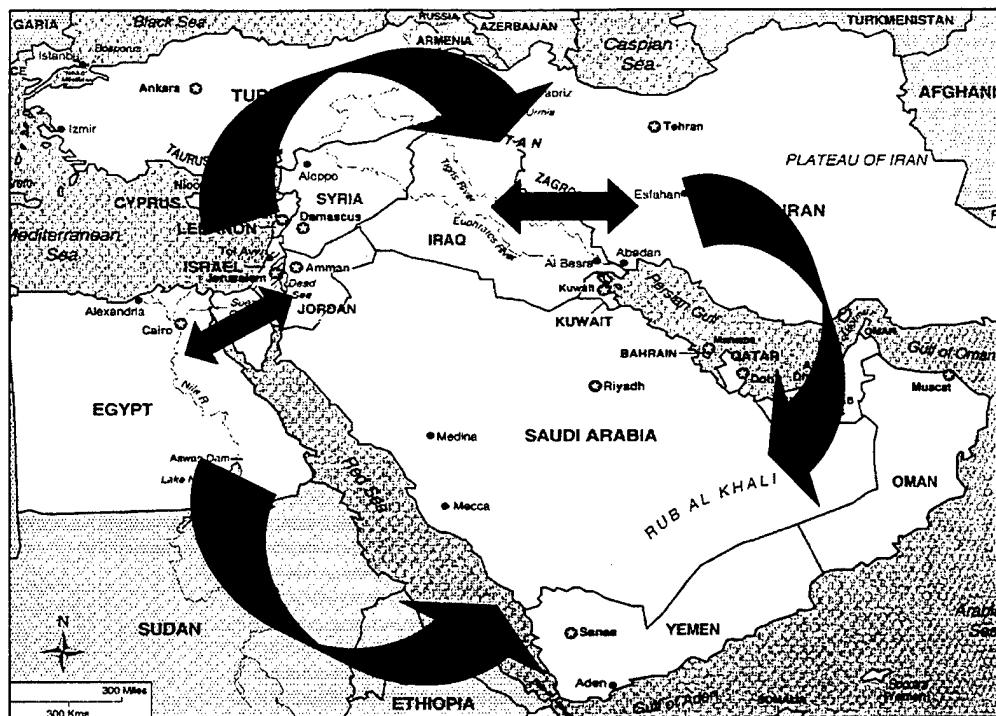


FIGURE 4, OVERLAPPING ARMS RACE AMONG MIDDLE EAST COUNTRIES

The Arab-Israeli Conflict around the eastern Mediterranean Sea is still a major source of weapons demand. As Martin Indyk, Assistant Secretary of State for Near Eastern Affairs stated during Congressional testimony in March 1999, "The difficulties in the Arab-Israeli peace process on all tracks over the past two and a half years had the effect of dramatically slowing the momentum toward positive change in the region, and it reduced the hopes of many that a comprehensive peace would usher in a new era of coexistence and regional cooperation."²⁶ Although the Israeli-Egyptian Treaty signed in 1979 brought peace and trade to the two countries, it also required conventional forces to protect the "cold" peace. The demand for armor, fighter aircraft, artillery, air defense, early warning equipment, and other equipment has been supported by defense budgets and other foreign aid, predominately from the United States. Likewise, the 1995 Peace Treaty between Israel and Jordan brought peace to the Jordan Valley but again required conventional forces to safeguard the borders. Table 3 shows the current amount of U.S. Foreign Military Assistance (FMA) to Egypt, Israel, and Jordan.

	1997	1998	1999	2000
Egypt	2.1	2.1	2.1	2.1
Israel	3.0	3.0	3.0	3.0
Jordan	0.032	0.052	0.047	0.077
Source: <i>The Military Balance, 1999-2000</i> , Intl Institute for Strategic Studies, Oxford University Press, London U.K. 1999. (\$B Current)				

TABLE 3, U.S. FOREIGN MILITARY ASSISTANCE TO SELECT MIDDLE EAST COUNTRIES

The greatest threat to Israel today comes from its neighbor, Syria. Both countries have built large conventional forces to counter possible attacks by the other side. Syrian President Assad has stated on numerous occasions that there will never be peace in the region until Israel returns the Golan Heights seized during the 1973 Yom Kippur War. The conflict between Syria and Egypt also has caused conflict in Southern Lebanon where Syrian backed Hezbollah factions are in daily fighting with the Israeli Army occupying a security zone inside Lebanon.

Israel and Syria have renewed discussion on an end to this conflict. Syria is looking for the complete return of the Golan Heights, and Israel is looking for a way to remove troops from Southern Lebanon and guarantee the security of its citizens living in Northern Israel and the Upper Galilee. Any treaty will most likely generate requirements on both sides for new equipment to maintain peace. Initial estimates predict that the bill for peace will be over \$10 billion for each side.²⁷ This would include costs to restructure defenses, establish early warning systems, and reposition forces.

The demand for conventional weapons in the northern Gulf area is also high. The eight-year Iran-Iraq War dramatically reduced military capabilities on both sides. The oil rich Iraqi government immediately began rebuilding its military, with annual expenditures of \$1.5B per year to sustain and improve its forces.²⁸ Iraq's massive losses during the Gulf War created new requirements to rebuild its forces and act on lessons learned from the war. Iraq's army is also facing obsolescence that will require modernization over the next decade.

Iran was equally affected by the Iran-Iraq war with estimates that it lost 45-55% of its major land-force weapons.²⁹ Economic constraints have limited their demand for new conventional forces. However, their emphasis has been to develop special capabilities for unconventional warfare and a capability to threaten shipping through the Strait of Hormuz. Iran took advantage of the Iraqi defeat during the Gulf War to reduce its conventional forces and has begun to modernize those remaining. They have steadily expanded their missile capability to deliver conventional and weapons of mass destruction.

The Southern Gulf states create the greatest demand for conventional weapons in the entire region. Since the Gulf War, Saudi Arabia, Kuwait, United Arab Emirates, and the other Gulf States have increased their demand for weapons to develop a deterrent capability against both Iran and Iraq. They have sought a variety of land, air, and sea capabilities to counter the Northern Gulf States' threat. Saudi Arabia has been the largest conventional arms importer in the world since the Gulf War. Although they have developed a long-term plan for a strategic defense, the other Southern Gulf states have been criticized for purchasing too many different types of equipment and not having an integrated command and control system. Anthony Cordesman has described the problem as, "Far too many arms purchases focus on new technology and the 'glitter factor,' rather than on effective war fighting capability."³⁰

These multiple conflicts between nations in the Middle East create an escalating demand for conventional weapons. For example, Syria matches any increase in capability by Israel. The additional capability in Syria will then provoke a response from Iraq. The tensions that remain between Iraq and Iran will force Tehran to counter. Any increased threat from Iran will threaten the Southern Gulf States

into buying a corresponding capability. Finally, the build-up of capability in the Southern Gulf States will trigger a response from Israel that starts the process over. The demand side of the conventional weapons race is the biggest factor and the most difficult to control.

There is no shortage of suppliers of conventional weapons. The United States, Western Europe, Russia, China, and other smaller countries throughout the world are all competing to sell weapons to the Middle East. The Cold War caused clients to align with one of the two superpowers. The end of the Cold War altered these relationships and has allowed defense industries to compete on a global basis. Table 4 shows the major suppliers of weapons to the Middle East.

	United States	Russia	China	Western European	Other European	All Other	Total
BAHRAIN							
1990-1993	300	0	0	0	0	200	500
1994-1997	300	0	0	0	0	0	300
EGYPT							
1990-1993	4,100	300	0	0	0	0	4,400
1994-1997	4,100	400	0	100	200	100	4,900
IRAN							
1990-1993	0	5,100	1,300	0	100	700	7,200
1994-1997	0	200	900	100	100	300	1,600
IRAQ							
1990-1993	0	200	0	400	100	800	1,500
1994-1997	0	0	0	0	0	0	0
ISRAEL							
1990-1993	1,100	0	100	1,100	0	0	2,300
1994-1997	4,400	100	0	100	0	200	4,800
JORDAN							
1990-1993	100	0	0	0	0	0	100
1994-1997	300	0	0	0	0	100	400
KUWAIT							
1990-1993	3,700	0	0	1,300	0	0	5,000
1994-1997	500	800	200	700	0	100	2,300
OMAN							
1990-1993	100	0	0	1,000	0	0	1,100
1994-1997	0	0	0	400	100	100	600
SAUDI ARABIA							
1990-1993	32,000	200	300	2,700	1,300	200	36,700
1994-1997	4,200	0	0	7,000	1,100	1,800	14,100
SYRIA							
1990-1993	0	500	0	0	100	400	1,000
1994-1997	0	100	0	0	0	200	300
U.A.E.							
1990-1993	600	400	0	3,800	0	500	5,300
1994-1997	300	400	0	3,700	500	200	5,100

Source: Richard F. Grimmett, *Conventional Arms Transfers to Developing Nations, 1990-1997*, CRS Report for Congress, July 31, 1998, Congressional Research Service, The Library of Congress. (Current \$M)

TABLE 4, CONVENTIONAL ARMS TRANSFERS TO MIDDLE EAST NATIONS, 1990-1997

Russia, China, and North Korea have supplied equipment to Syria, Iran, and Iraq for some time. However, U.N. sanctions against Iraq and Iranian financial problems have slowed these transfers. Should the U.N. lift sanctions against Iraq, these arms suppliers would most likely resume sales to rebuild the Iraqi military. Russia also has made overtures to Syria to modernize its military. Russian Ambassador to Syria, Robert Markaryan, recently stated "Russia is ready to provide Syria with military technology and modern weapons and to modernize its old machinery in order to help it develop its defensive capabilities."³¹

The demonstrated performance of Western weapons, however, has led the Gulf States to prefer weapons from the United States and Western Europe, as evidenced by the amounts as depicted in Table 4. This, in turn, has led both Russia and China to become more willing to sell equipment that is restricted by international arms control agreements. Recent U.S. intelligence reports show that China has transferred advanced FLA-10 missile guidance sets to Iran.³² This capability can defeat the Aegis close-in anti-shipping missile system currently defending shipping in the Persian Gulf. Russian and Chinese arms manufacturers cannot compete with the sophisticated Western technology and have thus lost much of their market share.³³

The United States is the major supplier of conventional weapons in the world delivering \$26.5B or 49% of the market share in 1998.³⁴ This market dominance is also true in the Middle East. The Clinton Administration announced the current U.S. policy on arms transfer in February 1995, in Presidential Decision Directive 34. The policy reiterated arms transfers as a valid means for implementing foreign policy. The five major goals of this policy are:

- 1) To ensure that U.S. military forces can continue to enjoy technological advantages over potential adversaries;
- 2) To help allies and friends deter or defend themselves against aggression, while promoting interoperability with U.S. forces when combined operations are required;
- 3) To promote regional stability in areas critical to U.S. interests while preventing the proliferation of weapons of mass destruction and their missile delivery systems;
- 4) To promote peaceful conflict resolution and arms control, human rights, democratization, and other U.S. foreign policy objectives; and
- 5) To support the ability of the U.S. defense industrial base to meet U. S. defense requirements and maintain long-term military technological superiority at lower costs.³⁵

The current policy was not a major change from the Bush administration's policy. However, it did emphasize restraint in the transfer of conventional weapons where the technology would be destabilizing to the region. It also supports international regimes to provide control and transparency such as the Wassenaar Arrangement, the Committee for Multilateral Export Controls (COCOM), and the Missile Technology Control Regime (MTCR). These agreements will be discussed in a later section.

The last goal of supporting the U.S. defense industrial base has received increased emphasis recently. As U.S. defense spending decreased because of the end of the Cold War, defense companies

have turned to foreign markets to sell arms. The Administration has supported this effort and encouraged U.S. embassies abroad to provide support wherever possible. A review of the U.S. defense industrial base is necessary to understand the magnitude of the issue and why foreign arms sales are important to preserve the defense industry.

THE UNITED STATES INDUSTRIAL BASE

The U.S. industrial base has evolved over the past two hundred years with the greatest changes occurring during the Twentieth Century. The two World Wars required the United States develop a capability to provide weapons not only to U.S. forces, but to allied forces as well. The Munitions Board coordinated the U.S. industrial base effort that provided a variety of equipment from ships, airplanes, and tanks to individual guns and equipment during World War II. Although the industrial base contracted immediately following World War II, the Cold War required the industrial base to support the strategic nuclear forces as well as conventional forces serving in various locations such as Korea, Vietnam, and Europe.

No other event has affected the United States industrial base more than the end of the Cold War. With the collapse of the Soviet Union, the defense establishment has contracted. The huge private defense companies that had supported the nuclear and conventional requirements of World War II and the Cold War were saddled with at least two-thirds excess capacity. Secretary of Defense William J. Perry told U.S. defense contractors that they must consolidate and seek efficiencies if they were to stay in business. This began an eight-year round of mergers, consolidations, and disposal of excess plant, equipment, and personnel. The greatest consolidation has occurred in the defense sectors of airframes, surface ships/submarines, and combat vehicles (See Table 5).

DEFENSE SECTOR	NUMBER OF MANUFACTURERS	
	<i>Cold War (Mid 1980s)</i>	<i>Post Cold War (Late 1990s)</i>
Airframe	10	3
Surface Ship/Submarine	10	3
Combat Vehicle	4	2

Source: Professor B.F. Griffard, U.S. Army War College, Lecture Notes on 18 Jan 2000.

TABLE 5, CHANGE IN SELECTED U.S. DEFENSE SECTORS POST COLD WAR

During the Cold War years, the U.S. government encouraged competition and sought multiple sources for major weapon systems with the goal of reducing price and improving quality. As the defense budget decreased, the U.S. market could no longer support multiple sources. Today there are only three U.S. combat airframe manufacturers (Lockheed Martin, Northrop Grumman, and Boeing); three major shipbuilders (Ingalls Shipbuilding, Newport News Shipbuilding, and General Dynamics); and two combat

vehicle suppliers (General Dynamics and United Defense). The lower tier producers of weapons (i.e. those companies that produce parts and subcomponents) have also been effected by the decline in the defense industry and have either gone out of business or merged with other lower tier companies. Norm Augustine, former chief executive of Lockheed Martin, recently compared the seven major defense firms with the new America On-Line/Time Warner Corporation. "Amazingly, the entire defense sector is worth just one-fourth the value of this single media giant—and if you take out Boeing, it is worth just one-eighth."³⁶

One way that defense contractors have responded to the drop in U.S. procurement dollars has been to solicit additional sales in foreign markets. The international arms trade is estimated to be approximately \$56.9B in 1998, which is about the same as the previous year.³⁷ U.S. companies have actively pursued this market by establishing overseas marketing offices, attending all military equipment demonstrations (e.g. Paris Air Show), and forming international partnerships with foreign defense companies. The performance and reliability of American weapons during the Gulf War has been one of the greatest marketing advantages for U.S. defense contractors. Since the Gulf War and the collapse of the Soviet Union, the United States has become the leading arms exporter in the world (See Table 6).

YEAR	USSR/ RUSSIA		US		WESTERN EUROPE		CHINA		TOTAL
	\$M	%	\$M	%	\$M	%	\$M	%	
1987	31,186	35.1	23,989	27.0	22,099	24.9	2,566	2.9	88,907
1992	2,806	5.4	28,161	54.6	15,683	30.4	1,231	2.4	51,539
1994	2,906	6.8	22,946	53.6	12,530	29.3	772	1.8	42,700
1996	3,583	7.0	25,032	49.0	18,984	37.2	609	1.2	51,061
1998	2,854	5.1	26,514	48.6	22,394	40.2	501	0.9	55,756

Source: *The Military Balance 1999-2000*, The International Institute for Strategic Studies, London, UK: Oxford University Press, 1999. (\$M Constant 1997; % of total market share)

TABLE 6, VALUE OF ARMS TRANSFERS AND MARKET SHARE FOR SELECTED YEARS

The United States government has actively supported the sale of U.S. weapons to foreign markets. Embassies throughout the world have aided American defense contractors to sell additional equipment and capture new markets. President Clinton issued a directive in February 1995 that stated, "Defense exports enhance the ability of the U.S. industrial base to meet United States defense requirement and maintain long-term military technological superiority at lower costs." The transfer of arms to foreign countries benefits the U.S. defense industrial base in three ways that include: preserving critical defense sector capability in case of mobilization, retaining a trained workforce, and reducing the unit cost of items by achieving economical production quantities. The F-16 fighter aircraft is one example where foreign sales have helped to achieve all three benefit stated above.

Maintaining mobilization capability in the various defense sectors is a critical component of the United States' strategic defense. With the defense industrial base contraction due to reduced requirements and fiscal constraints, the ability of industry to respond to crisis has been questioned.

Production lines have been torn down or mothballed, and the vendor base has been lost. The lead-time for some critical aircraft components is now 24 to 36 months from the time the order is placed. The sale of weapons to foreign countries has allowed production lines to remain open and thus preserve this mobilization capability. In the case of the F-16, this 1970s vintage fighter aircraft has been in production for over 20 years and is expected to be produced until at least 2009 due to sales to nineteen countries. This has allowed Lockheed Martin (originally General Dynamics) to operate Air Force Plant 4 in Fort Worth, Texas continuously since 1978. By keeping the production line open, the Air Force maintains flexibility to order additional aircraft if needed. In fact, the Air Force has requested an additional 30 F-16 aircraft beginning in 2000. Had foreign sales not kept the production line operational, the Air Force would not have been able to order the additional 30 aircraft due to excessive costs to re-start production.

Preserving the workforce is a second benefit from additional foreign sales of weapons. The United States lost nearly two-thirds of its trained defense workers during the downsizing. Although this reduction was needed in order for businesses to remain efficient, the expertise of trained personnel was lost. Foreign sales of weapons have helped preserve some of this vital talent by keeping production lines open. The F-16 is an example where foreign sales will keep the production line operational until the Air Force transitions to the next generation of aircraft—the Joint Strike Fighter (JSF). This will keep the workforce in place rather than having to recruit and train new people.

The third benefit of additional foreign sales is reducing unit price by achieving economical production quantities. Additional production quantities can reduce variable costs as well as total unit price. The manufacturer can reduce variable costs by increasing quantities (i.e. Learning Curve Theory—as you produce more items you get more efficient and thus reduce costs). The other economic benefit is that fixed costs are spread over a larger base and thus reduce the price the U.S. government would pay for each weapon system. This allows the United States to invest in research and development efforts (a fixed cost) that could improve the aircraft, and then pass the cost to all customers. The example in Table 7 demonstrates this benefit.

	Units	Variable Cost (VC) \$		Fixed Cost (FC) \$	Total Cost (VC + FC)\$	Profit (10%) \$	Total Price (TC + Profit)\$	Unit Price \$
Example A	10	@25M/unit	250M	100M	350M	35M	385M	38.5M
Example B	50	@24M/unit	1200M	100M	1300M	130M	1430M	28.6M
Example C	100	@23M/unit	2300M	100M	2400M	240M	2640M	26.4M

TABLE 7, F16 AIRCRAFT UNIT PRICE COMPARISON TO UNITS SOLD

The example shows three different production quantities—10, 50, and 100 units. As the number of units increase, the variable cost per unit will decrease. This is due to efficiencies achieved (e.g. less scrap, re-work, reduced set-up time, etc.). The fixed costs remain the same for all scenarios and could include management costs, Research & Development costs, etc. The example also shows that the contractor's profit increases as they produce more items. Foreign sales do motivate contractors to stay in

the defense business for this additional profit. Finally, the example shows that as the units increase, the unit price is decreased, which benefits all aircraft customers.

The transfer of weapons (sale and aid) does provide economic benefit for the United States as a major supplier to the world. In the case of the industrial base, it maintains mobilization capability by keeping production lines open that otherwise would be closed. It also provides continuity for a trained workforce until the next generation weapon system begins production. Increased production quantities reduce the unit price by achieving efficiencies and spreading fixed costs. Additional sales increase profit for defense industries that in turn provide incentive to stay in the defense business.

The relationship between enhancing security for an ally and providing economic benefit for the industrial base sometimes conflicts. In the case of the Middle East, the primary means the industrialized world has used to enhance security for client states has been arms transfers, which in turn has provided economic benefit. However, the increased quantity, sophistication and lethality of weapons being transferred into this region have raised the issue of implementing arms control measures to better enhance security and stability for the region. The transfer of weapons to one country may enhance its security but cause instability for the region. The question that arms control and arms transfers must address in order to bring stability to the region is how can you provide security to one nation and not affect their neighbor's security?

INITIATIVES IN ARMS CONTROL

There have been many attempts to implement arms control measures in the Middle East. These range from a total ban of weapons transfers to the region to restriction of certain categories of weapons. Arms control measures can take two approaches in achieving their desired end state. The first approach is to reduce the demand for weapons. If a nation can enhance its security through non-military means such as economic, political means, or a perceived reduced threat, then it can reduce the amount of weapons required. The other approach arms control measures can adopt is to reduce or eliminate the supply of arms entering a region. In the case of the Tripartite Declaration of 1950, the United States, Great Britain, and France sought to ban all weapons from entering the Middle East. This lasted only a short while as Cold War tensions and economic gain allowed the transfer of arms to continue.

DEMAND INITIATIVES

Reducing the demand for conventional weapons is probably the key to successful arms control in the Middle East. This can only be accomplished when the nation perceives a threat reduction or enhances its security through diplomatic or economical means. Arms control proposals generated from within the Middle East can be more effective because they are perceived as regional initiatives rather than unpatriotic collaboration with coercive foreign powers.

Peace Treaties

The most effective way to reduce demand for conventional weapons is to achieve peace in the Middle East that reduces the perceived threat to all parties. Although several peace treaties and cease-fire agreements have been signed over the past fifty years, the result has been increased demand for weapons. This is because the treaties have not addressed the root cause of the conflict—ensuring your security while not jeopardizing the security of your neighbor. The Camp David Peace Accord and subsequent Egypt-Israel Peace Treaty in 1979 caused a huge increase in the volume of arms that Egypt and Israel purchased to re-establish new border defenses in an effort to “maintain the peace.” After the Iran-Iraq War, both sides immediately renewed their arms purchasing efforts to replace destroyed equipment and overcome weaknesses in their forces that were discovered during the war. The problem in the Middle East is that although there has been some success in stopping the fighting, the agreements have not addressed the underlying threat perceptions of the countries involved.

The renewed effort between Israel and Syria to reach a peaceful end to their conflict offers promise to the region. However, Israel has stated that arms control and disarmament talks can begin only after a peace treaty is signed with Syria, security is established along the Lebanon-Israel boarder, and the final status of Jerusalem has been decided. The Arab world has argued that arms reductions should begin immediately and be incorporated into the peace treaty. The two positions highlight the fundamental difference between the sides. Israel is not willing to reduce arms until its security concerns are satisfied, and Syria sees agreement on arms reduction as a pre-condition for the peace treaty. In order for the peace talks to succeed, a strategy that achieves security for all parties must include economic, political, and military means. First, the safety of all people along the Syrian, Lebanon, and Israel border must be guaranteed. The fighting and terrorist activities that have plagued Southern Lebanon for the last twenty years must be halted. Next, economic vitality should be stimulated among the three countries involved. The Hebrew saying, “prosperous neighbors make good neighbors” applies in this case. Diplomatic efforts to bring all sides together have already begun by the United States and the United Nations. The leaders of Israel and Syria have taken a new step to resolve this issue. A lasting peace agreement will have to include a reduction in the perceived threat by all parties and not just bigger military forces.

Fiscal Constraint

The Middle East has experienced a significant economic downturn since the Gulf War. Loss of revenue from falling oil prices caused the oil rich nations to expend much of their cash reserves. Although oil prices have recently increased, the oil producing states are still experiencing financial problems. The UN sanctions against Iraq have caused extreme economic conditions. Other nations facing loss of external aid and increased import prices have also experienced economic problems. These economic conditions provide a stimulus for the Middle Eastern nations to cut military spending in order to improve their quality of life. Table 8 demonstrates how much the Middle East spends on military compared to other social programs.

COUNTRY	1994 GNP (\$B)	PUBLIC EXPENDITURES AS % OF GNP		
		MILITARY	EDUCATION	HEALTH
Bahrain	3,404	6.4	5.4	3.5
Egypt	41,006	4.3	5.0	1.1
Iran	155,419	2.1	5.3	2.0
Iraq	16,160	10.0	n.a.	n.a.
Israel	53,483	8.6	5.9	1.8
Jordan	6,178	7.1	4.6	2.4
Kuwait	30,086	11.1	5.9	3.0
Oman	10,285	18.1	5.8	3.1
Qatar	8,384	3.9	3.5	3.0
Saudi Arabia	96,888	13.6	6.9	3.1
Syria	15,291	8.4	n.a.	0.5
U.A.E.	32,515	4.5	2.0	0.8
MIDDLE EAST	209,773	7.1	5.4	2.1

Source: Ruth L. Sivard, *World Military and Social Expenditures, 1996*. (Washington D.C.: World Priorities, 1996)

TABLE 8, COMPARISON OF SELECTED MIDDLE EAST COUNTRIES' PUBLIC EXPENDITURES

The Middle East spends 7.1% of its GNP for Military as compared to 5.4% for Education and 2.1% for Health. Some Middle East nations spend even more for their security requirements. The money that is spent on defense is not available for other social programs such as children's education and health benefits. Fiscal constraint can force countries to reduce military spending, as was the case with Jordan. Because of the Gulf War, Jordan was faced with massive debt, decreased aid, and huge social issues. King Hussein made the decision to unilaterally reduce forces in order to solve these problems. Jordan cancelled a billion-dollar contract with France to buy Mirage fighter jets, reduced the size of the military, and sold off ground equipment. This provided the necessary cash to address social issues.

Reductions in military expenditures are possible for Israel, Egypt, and Syria if the Israeli-Syrian peace discussions are successful. These nations must agree that peace and stability are beneficial to all parties and will enhance their individual security. Rather than seek additional conventional weapons to fortify borders and continue the escalation of arms build-up, the nations could agree to freeze or reduce conventional forces to maintain a status quo of capability. This would free up funding for social programs. Fiscal constraints will definitely play an important part in reducing the demand for conventional weapons. The economic motive may prove more reliable and durable than any other factor.

Incentive Programs

Economic incentives can be useful to entice nations to negotiate arms control. Jordan has proposed an Arms-for-Debt Plan for the Middle East that would link debt reduction with arms control. At the Conference on Security and Cooperation in the Mediterranean, the Jordanian delegation proposed, "The successful implementation of arms control and arms reduction will release substantial funds that

were previously wasted on armaments. Countries abiding by such a process will qualify for the systematic and measured reduction of existing debts.³⁸ Several countries could benefit from such an Arms-for-Debt Swap (See Table 9).

COUNTRY	TOTAL EXTERNAL DEBT (\$M)		VALUE OF DEBT (1997)		TOTAL DEBT SERVICE (1997)	
	1980	1997	% GNP	% Exports Goods/Svcs	% GNP	% Exports Goods/Svcs
Egypt	19,131	29,849	28	99	2.5	9.0
Iran	4,500	11,816	9	58	5.1	32.2
Israel	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jordan	1,971	8,234	110	134	9.1	11.1
Lebanon	510	5,036	32	95	4.8	14.4
Syria	3,552	20,865	114	308	3.4	9.3

Source: *World Bank. World Development Indicators. (Washington D.C., 1999)*

TABLE 9, FOREIGN DEBT OF SELECTED MIDDLE EAST COUNTRIES

Egypt, Iran, Jordan, Lebanon, and Syria all have huge debt levels that have been caused partly by military expenditures. The money required to service this debt takes away from other government social programs. The Plan would allow for a specified amount of debt to be forgiven for each dollar reduction in military expenditures. The savings could then be used for infrastructure investment or enhanced government services. As the quality of life improves in participating countries, other nations will also want to participate. This plan does assume some element of democracy where individual rights are considered. This incentive could expedite the implementation of arms control since nations will reap more benefits the quicker the debt is retired.

This economic incentive will not alone achieve arms control in the Middle East. Each nation has specific security requirements that drive their military. Nations must evaluate their particular requirements and validate the military potential of their adversaries. The Arms-for-Debt-Swap, however, could entice nations to begin the process of reducing military expenditures. Nations holding the debt as well as international monetary organizations must be willing to forgive debt in order to enhance regional security in this area. The arms-for-debt swap would share the burden of debt between the military and civilian sectors.

SUPPLY-SIDE INITIATIVES

There is no shortage of arms suppliers in the world. The industrialized world provides arms valued at over \$56B annually to developing nations, and the United States is the leading supplier with almost 49 percent. Efforts to control the supply of arms include transparency, national regulation & oversight, and multilateral controls.

Transparency

The public release of information about the sale and transfer of arms provides transparency of the act, and thus it is hoped will ensure greater scrutiny of the transaction.³⁹ The aim of transparency is to increase predictability, to prevent war stemming from any misunderstanding or miscalculation, and to make supplier nations accountable for their actions. The most significant conventional arms transparency measure is the U.N. Register of Conventional Arms. In 1991, the European Community and Japan sponsored a resolution titled "Transparency in Armaments" that established the Register to identify certain categories of arms imported and exported on a country-by-country basis. The seven categories of arms include: battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, and missile and missile launchers. These categories were selected because they are readily identifiable, easy to identify, provide the greatest offensive capability, and are most suitable for conducting a surprise attack.⁴⁰

All leading exporters, with the exception of North Korea, have submitted reports to the United Nations. Many importer nations, including the Middle Eastern countries of Egypt, Kuwait, Syria, the United Arab Emirates, and Saudi Arabia, have not submitted reports. However, because of the good response by the leading exporter nations, it was estimated that 95 percent of the known trade in major conventional weapons was reported in 1994.⁴¹ The premise of the Register is that transparency will encourage restraint by exporting nations and reduce the tensions among importing nations. It provides early warning of an excessive build-up of weapons that could be destabilizing.

Other sources of information about arms transfer provide transparency. These publications include the Stockholm International Peace Research Institute (SIPRI) *Yearbook*, the U.S. Arms Control and Disarmament Agency (ACDA) *World Military Expenditures and Arms Transfers*, the U.S. Library of Congress *Conventional Arms Transfers to the Developing World*, and other data from the International Institute for Strategic Studies (IISS) and Jane's Information Group.

National regulation & oversight

National regulation and oversight is the first line of defense for arms control. Governments establish laws and procedures to protect technology essential for the industrial base as well as to prevent critical components and equipment from being transferred to non-friendly countries. "Unilateral measures of restraint should form an important part of conventional weapons non-proliferation strategy."⁴²

The United States has one of the most comprehensive Export Control policies of all supplier countries. It aims to balance the importance of international free trade and a strong U.S. industrial base with the need to restrict the export of technology, goods, services, and munitions that could impact national security. The system has evolved from a series of laws enacted by Congress to oversee the Executive Branch's use of weapons sales a foreign policy tool. The International Security Assistance and Arms Export Control Act of 1976 is the law that governs this policy. It requires Congressional notification of all exports of "significant military equipment" of \$14 million or more, or of other weapons and military

services of over \$50 million. Congress has questioned the sale of equipment to the Middle East on several occasions. Examples include the sale of F-15 fighters to Saudi Arabia and F-16 fighters to the United Arab Emirates.

The Export Administration Act (EAA) of 1979 established the procedures for obtaining and controlling export licenses. Control responsibility does not reside in one central decision-making authority. The Department of State is responsible for coordinating and approving all defense items that are listed on the Munitions List. The Department of Commerce's Bureau of Export Administration is responsible for all dual-use (military and commercial application) export applications. Both Departments are responsible for coordinating with the appropriate Services and/or Defense Agencies before issuing the Export License. In 1997, efforts to enforce export laws led to over \$1 million in criminal fines and over \$16 million in civil penalties.⁴³

The oversight and control of conventional weapons in Russia is a source of concern to the world. Although much emphasis has been placed on controlling their nuclear weapon arsenal, their conventional weapon capability is also a concern. The former Soviet Union's defense industrial base was the largest component of their economy, supplying material to their military as well as other client states. With the collapse of the Soviet Union, requirements from the Soviet military were reduced by over 80 percent. The excess capacity in the military sector of the economy caused even more problems for the government. The financial and economic ministries sought increased sale of weapons to generate revenue. The Defense Ministry has used the sale of surplus equipment to support its military forces. The ministries have argued that weapons exports "are essential for both urgent domestic social needs and for purchasing equipment for the military services."⁴⁴ Major defense industry plants have also sold equipment to foreign governments in an effort to save their plants from closure. This uncontrolled spread of Russian weapons caused President Boris Yeltsin to form an oversight activity.

In 1994, the *Roosvooruzhenie* was established as a super-agency to provide oversight for arms export. It was developed from *Oboronexport* (General Defense Export Corporation), *Spetsvneshtekhnika* (Special Forces Technology) and *Gusk* (General Department for Cooperation of the Ministry of Foreign Economic Relations). The agency has evolved into an international marketing organization with offices in over thirty countries. The role of accountability and control has been lost in the quest for new arms sales.

A national legal system of export controls was established in July 1999. The purpose of this law is "1) protection of Russian Federation interests, 2) compliance with international treaties signed by Russia in the area of nonproliferation and export controls, and 3) creation of conditions for integrating the Russian economy into the world economy."⁴⁵ The law is comprehensive and mirrors the controls for other Western nations. It provides guidelines for control of technology, sanctions against violators, transparency of information, interagency coordination, and state licensing procedures.

However, Russia faces many internal problems that are affecting the enforcement of these new export controls. These problems include the lack of an interagency process to coordinate government actions, government corruption, financial and technical problems to implement controls, enforcing

punishment for export control violations, and lack of political will to enforce the law. Probably the most serious problem is the lack of political will. Russia's leadership is faced with serious economic and domestic issues and has given export controls a lower priority. As some Russian officials have stated, "the new legislation is a positive step but it is also itself an export-oriented product, which has mostly been prepared and adopted to please the West."⁴⁶ Until these problems can be resolved or minimized, the uncontrolled flow of Russian conventional weapons will be a problem.

The major arms manufacturing countries of Western Europe maintain very strict control and oversight of the arms industry at the executive level with very little oversight by their respective legislative bodies. For example, the government owns almost eighty percent of France's arms manufacturing capability. This gives the government oversight of the industry. The Prime Minister makes arms transfer decisions based on recommendations from an interministerial committee. The process is also similar in the United Kingdom and Germany. In the early 1990s, serious breaches of German export control resulted in the transfer of dual-use technology to Iraq and Libya. The United States and Europe called for stricter enforcement of export laws.

Western Europe is now dealing with the issue of whether or not the European Union should develop a common policy on arms export. When the Treaty of Rome established the European Union, it preserved the right of member nations to control their own export of arms. The European Parliament and public interest groups have suggested a common policy be established. They note that a common approach is needed for commercial, economic, and political uniformity. As more European defense industries merge and enter into partnerships, the need for transnational export controls will increase.

The arms industry of China consists of nationalized corporations linked to the Army. The Communist Party is the controlling force for the industrial base. China has used weapon sales to finance modernization of their military and industrial base. The government has established a State Commission for Arms Export Administration to oversee arms transfer. The agency approves all transfers and grants export licenses. Therefore, any controversial transfer of weapons is not a result of improper export controls, but of Chinese leadership decisions.

Multilateral Controls

Multilateral controls are established to equalize competitive forces between supplier countries. Nations sometimes justify arms transfers by saying if they didn't provide the weapons, then other suppliers would make the sale. Multilateral controls work to limit and or restrict the transfer of arms either according to geographic location or category of weapons. Two multilateral controls that play a significant role in the Middle East are the Wassenaar Arrangement and the Missile Technology Control Regime (MTCR).

The Wassenaar Arrangement is the first global multilateral arrangement on export controls for conventional weapons and dual-use goods and technologies. It began operations in September 1996 and has 33 member countries (See Table 10). The purpose of this agreement is to promote transparency, exchange views and information, and ensure greater responsibility in transfers of

conventional arms and dual-use goods and technologies.⁴⁷ Participating states agree to incorporate national policies and controls that support this initiative.

Members	Key Non-Members
Argentina, Australia, Australia, Belgium, Bulgaria, Canada, Czech Republic, Denmark Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, South Korea, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, Britain, United States	Brazil, China, Israel North Korea, Pakistan
Source: Wassenaar Arrangement. "The Wassenaar Arrangement." Available from http://www.wassenaar.org . Internet. Accessed 10 October 1999.	

TABLE 10, WASSENAAR ARRANGEMENT, MEMBERS AND KEY NON-MEMBERS

Enforcement of this arrangement is the responsibility of the member nations. Annual meetings are held in Vienna to review export disclosures in accordance with the seven categories of the UN Register of Conventional Arms. Member nations are also required to report transfers or denial of transfers of dual-use items. Although the majority of the major supplier nations are members of the Wassenaar Arrangement, there are several lower tier supplier nations that are not members—Brazil, China, Israel, North Korea, and Pakistan. These nations have significant defense capability and are emerging suppliers of arms. The long-term success of the Wassenaar Arrangement will be the incorporation of all supplier nations. The international community must exert diplomatic and economic pressure on these nations to join the Arrangement.

The Missile Technology Control Regime (MTCR) was formed by the G-7 Nations (Canada, Germany, Italy, Japan, France, Britain, and United States) in 1987 to restrict the proliferation of missiles⁴⁸, unmanned air vehicles, and related technology for those systems capable of carrying large payloads over 300 kilometers, as well as systems intended for the delivery of weapons of mass destruction (WMD). Since its formation, 29 nations, to include the Russian Federation, have formally joined, and a number of other nations are adhering to the guidelines (See Table 11). The Regime applies a common export policy to a common list of controlled items. Countries are free to implement the policy according to their respective national export laws.

Members	Key Non-Members
Argentina, Australia, Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Russia, South Africa, Spain, Sweden, Switzerland, Turkey, Britain, United States	China, India, Israel North Korea, Pakistan

Source: U.S. Arms Control & Disarmament Agency. "Treaties." December 10, 1997. Available from <http://www.acda.gov>. Internet. Accessed 10 October 1999.

TABLE 11, MISSILE TECHNOLOGY CONTROL REGIME, MEMBERS, AND KEY NON-MEMBERS

The Regime identifies controlled equipment and technology, both military and dual-use, that are relevant to missile development, production, and operation. Category I items include complete rocket and UAV systems, specially designed production facilities, and complete subsystems for missiles and UAVs. Export of these Category I items are subject to a presumption of denial. This means that national export policy rules should prevent these items from being exported to any nation.

Category II items cover a wide range of parts, components, and subsystems that may be exported on a case-by-case basis for acceptable uses. They can also be exported under government-to-government assurances, which provide that they not be used on a missile system capable of delivering a 500 kilogram payload to a range of greater than 300 kilometers.

The MTCR has had limited success since its formation in 1987. Iraq, Libya, and Syria have obtained materials and facilities from European suppliers in spite of this Regime. In addition, China and North Korea have transferred Scud C and No Dong missiles to Syria and Iran.

The United States has also violated the MTCR by transferring technology through the Strategic Defense Initiative program to Israel. After the Gulf War, the United States and Israel agreed to co-develop the Arrow Anti-Tactical Ballistic Missile system to protect Israel from Iraqi and Iranian missiles. The Israeli missile defense capability combined with the increased Iranian and Iraqi missile capability has caused Saudi Arabia to explore new missile capability. The growing missile capability in the Middle East to carry conventional, nuclear, chemical, and biological warheads is the single biggest threat today. In order to reduce this threat, all nations must develop a balanced policy on proliferation of missile technology, regardless of the countries involved.

CONCLUSION

The Middle East is a region that has always been characterized by conflict among ideologies, religions, and races. Long-standing disputes over national borders, resources, economic development, ethnic tensions, and values have perpetually threatened the peace and security of this region. The Arab-Israeli Conflict, which started in 1948 when Israel declared independence, has resulted in five wars and still threatens the security of the eastern Mediterranean region. Islamic fundamentalism and regional hegemony continue the tension between Iran and Iraq, which in turn causes Southern Gulf States to build their military capability. The internal conflict of Arab against Arab and Arab against Jew creates an environment that is unique to the Middle East.

For the last fifty years, individual states in the region have turned to the industrialized world for assistance in providing their security. While for much of that period, security issues in the region were closely tied to the superpower competition between the United States and the Soviet Union, the problems in the region have not disappeared with the end of the Cold War. In response to requests for assistance, the industrialized world resorted to arms transfers programs to build up the forces of the nations in the region. These arms transfers allowed the United States and the Soviet Union to avoid significant deployments of their own forces to the region, which probably would have raised significantly the risk of a wider conflict, but they also allowed them to gain influence in the region and to gain significant revenues through arms sales. The Arab-Israeli Conflict, the Iran-Iraq War, and the Gulf War are examples of disputes in which security concerns led to an ever-increasing arsenal of weapons being transferred to the region. The collapse of the Soviet Union and the superpower competition, while affecting the volume of arms transfers to the region, has not altered the underlying problems of the region.

Efforts at arms control have not met with significant success because they have failed to address the underlying threat perceptions of the countries involved. Even those peace efforts that have resulted in some progress have not had a major impact on the perception of the nations in the region that the way to enhanced security is through increasing levels of armaments. For example, the Camp David Accord resulted in an increased build-up of conventional forces between Israel and Egypt because the agreement did not address the fundamental differences between the two countries. In this case, however, the likelihood of a conflict between the two nations was reduced, and the Camp David Accord might serve as a model for the neutralization of other regional disputes—if the American people are willing to bear the monetary cost of such an approach.

Nonetheless, several arms control initiatives have the potential to support the security objectives in the Middle East, especially those that originate in the Middle East. The Arms-for-Debt Plan first suggested by Jordan would provide an incentive for nations to reduce arms in order to reduce debt payments that can be used to improve quality of life. The ongoing peace initiative between Syria and Israel can increase security between Syria, Israel, and Lebanon as long as the fundamental principle of perceived threat reduction is addressed. Multilateral controls such as the Wassenaar Arrangement and

the Missile Technology Control Regime can reduce the supply of destabilizing weapons to the region as long as all suppliers adhere to the controls. The United States and the rest of the world should use all diplomatic and economic means necessary to convince China and North Korea to join these agreements. These measures can serve to reduce the demand for weapons by Middle Eastern nations and reduce and/or eliminate the supply of weapons from the industrialized world. The success or failure of these initiatives will depend on the fundamental question of "How can you provide security to one nation and not affect their neighbor's security?"

Beyond the issues at play in the Middle East, however, the transfer of weapons (sale and aid) provides significant economic benefits for supplier nations. During the Cold War period, superpower influence was the primary motivation for arms transfer. Since the end of the Cold War, the motivation has shifted to more economics with all major supplier nations vying for a share of the Middle East arms market. There are two aspects of benefits to the supplier nations. The most obvious is the economic benefit of arms sales to the selling country. Of perhaps equal importance, however, is the fact that continued demand for high-technology weapons allows supplier nations to keep open production lines that might otherwise close due to a lack of demand for the supplier nation's own armed forces. At present, both the United States and the Russian Federation benefit in this manner, largely through sales to the Middle East. These and other foreign sales maintain mobilization capability by keeping production lines open that otherwise would be closed, and they make it easier to maintain a trained workforce until the next generation weapon system begins production. Increased production quantities for foreign sales also reduce the unit price by achieving efficiencies and spreading fixed costs. Finally, these additional sales increase profit for defense industries that in turn provide them incentive to stay in the defense business.

The role that arms transfers have played in this region has been very complex. For an extended period, the issues at play in the region were secondary to the superpower relationship, and arms sales and restraints imposed by the superpowers ensured relative stability, if not peace, in the region. For roughly the past decade, however, intra-regional considerations and mutual perceptions have been the dominant factors influencing regional developments. In that time, there has not been significant progress towards resolving some of the region's key disputes. Israel and Egypt continue to modernize their military primarily through U.S. aid, which has increased the overall tension to the region. The Islamic Fundamentalist government of Iran and dictatorial regime of Iraq threaten the Southern Gulf States and necessitate additional arms transfers to enhance their defensive capabilities.

In the final analysis, arms control measures have been ineffective in the Middle East. Moreover, transfers of arms have delayed addressing the more fundamental issues that threaten peace among the various nations of the region. However, the ever-increasing lethality of weapons now being transferred to this region, such as missile technology, makes miscalculation of stability more dangerous than at anytime during the past twenty-five years. Former Secretary of State, James A. Baker III, succinctly discussed this point by saying,

"We live in an age when many of the world's regions, once ravaged by war, are now coming together. We see this above all here in Europe, but we see it too in Asia and in Central and Latin America. The results are obvious: peace and security, prosperity, better quality of life. Increasingly, the Middle East stands out, but not in the way that should make any of us proud. Our challenge—our opportunity—is to begin the process of making the Middle East a region, not just in the geographic sense, but in the political, the economic, and, indeed, in the human sense as well."⁴⁹

The solutions to the region's problems do not lie solely with arms transfers or arms control efforts; instead, they require a comprehensive approach involving all the elements of national power to address the underlying issues that affect the security concerns of each nation. This is perhaps one of the most difficult foreign policy challenges of the post-Cold War era.

WORD COUNT: 13,840

ENDNOTES

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² Allan S. Krass, The United States and Arms Control. The Challenge of Leadership. (Westport, CT: Praeger Publishers, 1997), 5.

³ Henri J. Berkley, The Middle East After the Soviet Union, (Washington D.C.: The National Council for Soviet & East European Research, 1995), 3.

⁴ Avner Yaniv, Deterrence Without the Bomb: The Politics of Israeli Strategy, (Lexington, MA: D.C. Heath & Company, 1987), 49.

⁵ The Arab Legion was a Jordanian elite force.

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⁸ Ibid. 50.

⁹ Ibid. 54.

¹⁰ Henry Kissinger, Diplomacy, (New York, NY: Simon & Schuster, 1994), 523.

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¹² Ibid. 545.

¹³ Ibid. 547.

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¹⁵ Ibid. 412.

¹⁶ Kissinger, 707.

¹⁷ Ibid.

¹⁸ Chaim Herzog, The Arab-Israeli Wars: War and Peace in the Middle East from the War of Independence through Lebanon, (New York, NY: Random House, 1982), 322.

¹⁹ Presidential Directive Decision 13. (Washington D.C., The White House, 1977).

²⁰ Defense Institute of Security Assistance Management. The Management of Security Assistance, (Wright-Patterson AFB, OH: Defense Institute of Security Assistance Management, June 1999), 37.

²¹ "The National Security Strategy of the United States," (Washington D.C.: The White House, 1987), 17.

²² Berkley, 5.

²³ Richard K. Herrmann, "The Middle East and the New World Order," International Security, 16:2 (Fall 1991), 56.

²⁴ Yahya M. Sadowski, Scuds or Butter: The Political Economy of Arms Control in the Middle East, (Washington D.C.: The Brookings Institution, 1993), 3.

²⁵ Ibid. 4.

²⁶ Martin S. Indyk, "United States Policy Toward the Middle East." The DISAM Journal, (Summer 1999), 21.

²⁷ Hugh Dellios, "As Syria, Israel Haggle, U.S. Gets Out Checkbook," Chicago Tribune, 6 January 2000, 1.

²⁸ Anthony H. Cordesman, "The New Balance of Gulf Arms," Middle East Policy, Vol. VI, No. 4, June 1999, 82.

²⁹ Ibid.

³⁰ Ibid, 85.

³¹ "Russia Ready to Supply Syria Modern Weapons, Says Ambassador," Associated Press, 19 October 1999, AP Wire.

³² "China Sells Advanced Guidance Equipment," Middle East Data Project, Inc., 8 November 1999.

³³ Cordesman, 87.

³⁴ "Weapon Sales Steady Despite Market Woes," The Deseret News, 20 October 1999, Pg. A04.

³⁵ "Conventional Arms Transfer Policy, PDD-34," (Washington D.C.: The White House, 17 February 1995).

³⁶ David Ignatius, "Defense Midgets," The Washington Post, February 13, 2000.

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³⁸ Sadowski, 46.

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⁴⁰ Andrew J. Pierre, Cascade of Arms: Managing Conventional Weapons Proliferation, (Washington D.C.: Brookings Institution Press, 1997), 383.

⁴¹ Ibid, 384.

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⁴³ The White House, A National Security Strategy for a New Century, (Washington, D.C.: Government Printing Office, 1998), 32.

⁴⁴ Pierre, 392.

⁴⁵ Vladimir A. Orlov, "Export Controls in Russia: Policies and Practices," The Nonproliferation Review, (Fall 1999), 144.

⁴⁶ Ibid.

⁴⁷ Wassenaar Arrangement. "The Wassenaar Arrangement." Available from <http://www.wassenaar.org>. Internet. Accessed 10 October 1999.

⁴⁸ The MTCR considers "missiles" to include: ballistic missiles, space launch vehicles (SLVs) and sounding rockets. Unmanned air vehicles (UAVs) include: cruise missiles, drones, UAVs, and remotely piloted vehicles (RPVs).

⁴⁹ Remarks by Secretary of State James A. Baker, III, before the Organizational Meeting for Multilateral Negotiations on the Middle East, House of Unions, January 28, 1992.

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